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October 16, 2000

Mary Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Mass. 02202

RE: Applications to increase price of Standard Offer (DTE 00-66, Fitchburg G&E; DTE 00-67, Massachusetts Electric; DTE 00-70, NStar companies)

Dear Secretary Cottrell:

This is the Reply Comment in opposition to the above-captioned applications. It is filed by Action, Inc.; the Massachusetts Energy Directors Association; and Massachusetts Community Action Program Directors Association, Inc. (MASSCAP), on behalf of themselves as administrators of the fuel assistance program for low-income customers of the above-captioned utilities, and on behalf of the low-income customers they serve.

NStar argues in its Comment, as all the Companies argued in their filings, that its proposal moves the price of Standard Offer Service closer to cost. However, the record is devoid of evidence about cost. Before the question of what costs should be reflected in rates, actual fuel costs - rather than the external indices provided - must be known. The data provided by these Commenters indicates that the sharp increase in wholesale electricity price increases has been caused by factors in addition to fuel prices. Thus, rather than acting without information, the Department should investigate the true causes wholesale marketplace price increases as well as obtain actual fuel costs.

NStar also argues in its Comment, as all the Companies argued in their filings, that Standard Offer Service is intended as a transition service with gradual price increases. Exactly so. The proposed price increases now before the Department are anything but gradual.⁽¹⁾ The Department should require deferrals and other mitigation measures in order to make Standard Offer Service the transition mechanism the General Court intended it to be. This is especially so in light of the fact that there is at present no marketplace to which residential customers can gradually move: residential non-low-income customers accounting for less than 0.2% of residential consumption receive competitive electricity service.⁽²⁾

It is assumed in at least one of the Comments that a Standard Offer deferral would be repaid only by Standard Offer customers. To the contrary, Standard Offer deferrals that are due to failures of the wholesale marketplace should be considered a transition cost that is shared by all by means of a nonbypassable distribution charge.

Finally, these Commenters reiterate their deep concern about the procedural flaws in these dockets. At least an inch-and-a-quarter of information has arrived from utilities since Comments were due on October 10. A general rate increase of up to 17%, significant changes in general pricing policy, and a significant change in the general calculation of inflation, cannot - as explained in our initial Comment - be lawfully adopted without a full general rate case, including a full opportunity for all those adversely affected to be heard. The non-public process adopted so far, with secret data that the public is not allowed to see⁽³⁾ and no

opportunity for discovery, cross-examination, or to present witnesses, is a mockery of the regulatory system.

Wherefore, for all these reasons, Action, Inc.; the Massachusetts Energy Directors Association; and Massachusetts Community Action Program Directors Association, Inc. (MASSCAP) urge the Department to assign these applications for hearing as applications for general rate increases, in accordance with statute, with full opportunities for discovery and cross-examination. Among the issues that should be set for hearing are application of the statutory low-income discount, such other measures as may be required to assure universal service, utility purchasing practices, and deferrals of wholesale cost increases not caused by fuel price increases.

Respectfully submitted,

Action, Inc.; the Massachusetts Energy Directors Association; and Massachusetts Community Action Program Directors Association, Inc. (MASSCAP), by their attorney,

cc:

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1.

¹ NStar and Mass. Electric have also filed increases in default rates that would raise residential bills as much as 34%. By this letter, these Commenters request that these applications be suspended and set for hearing.

2. ² Massachusetts Division of Energy Resources (August 2000).

3.

³ Public parties have not even been offered a Protective Agreement.